HOUSING MARKET INFORMATION

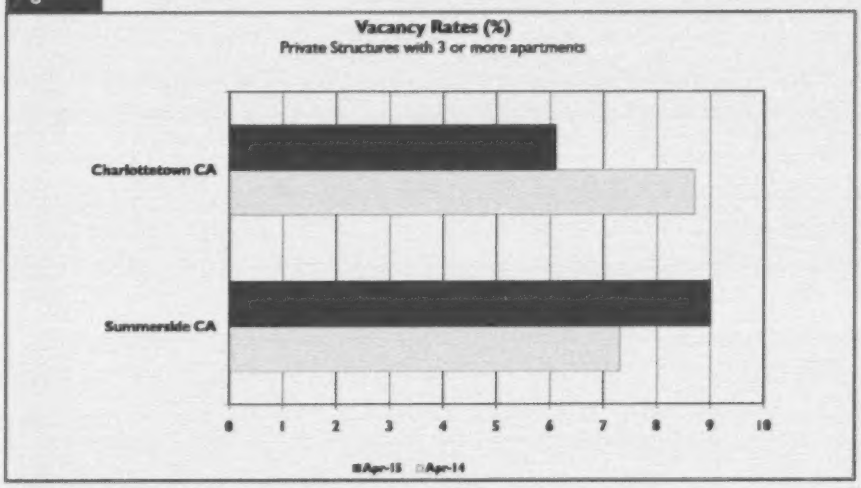
RENTAL MARKET REPORT

Prince Edward Island Highlights*

CANADA MORTGAGE AND HOUSING CORPORATION

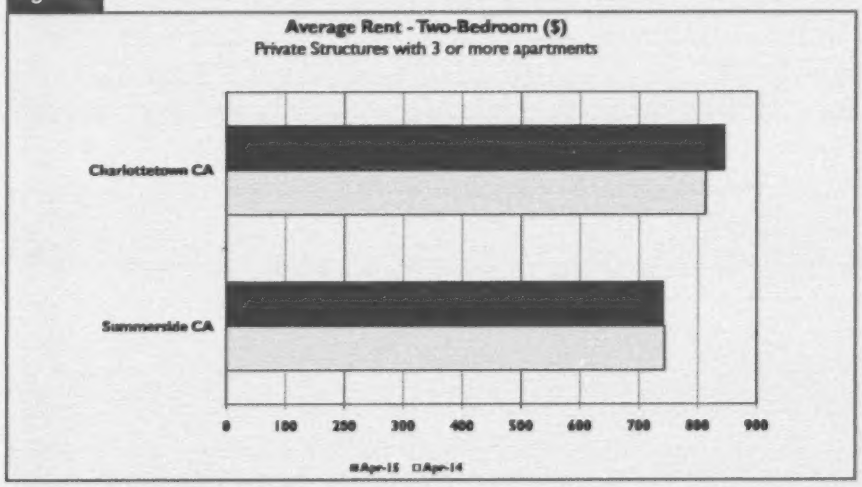
Date Released: Spring 2015

Figure 1



Source: CMHC Rental Market Survey

Figure 2



Source: CMHC Rental Market Survey

*Urban centres with a population of 10,000 + are included in the survey.

Spring Vacancy Rate Declines on the Island in 2015

- The overall vacancy rate in Prince Edward Island's urban centres was 6.5 per cent in the spring of April 2015, down from 8.5 per cent a year ago.
- The vacancy rate in the Charlottetown CA was down 2.6 percentage points to 6.1 per cent.
- Summerside's vacancy rate, which stood at 9.0 per cent, was statistically unchanged from a year earlier.
- The average two-bedroom rent in Charlottetown was $845, which was significantly higher than the Summerside average of $741.

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Vacancy Rate Remained Relatively High in 2015

Results from Canada Mortgage and Housing Corporation's 2015 Spring Rental Market Survey[1] showed that the vacancy rate[2] for provincial urban centres was 6.5 per cent in April 2015, down from 8.5 per cent last year. Individual results for Charlottetown and Summerside, the province's two main urban centres[3], were mixed.

The vacancy rate in Charlottetown CA, which stood at 8.7 per cent last spring, was down to 6.1 per cent in April 2015. The lower vacancy rate was a reflection of the relatively strong demand for rental units in the provincial capital. Between 2010 and 2013, annual rental starts averaged 223 units, which were significantly higher than the ten year historical average of 147 units. This surge in construction exerted significant upward pressure on the local vacancy rate, which eventually led to a decline in apartment construction starting in the second half of 2013. Fewer new rental units and continued net migration gains were strong contributors towards fewer vacant units in 2015.

In April 2015, there were fewer vacant two-bedroom units. Two-bedroom units remain the most popular unit type, accounting for approximately 66 per cent of the local rental universe. This past April, the vacancy rate for these units was down 2.6 percentage points to 6.7 per cent. The vacancy rate for one-bedroom units also declined, coming in at 4.7 per cent in April 2015 compared to 7.4 per cent a year earlier. This result was not unexpected as most new structures in recent years have focused almost exclusively on two-bedroom units. The lack of new supply and consistent demand contributed to the lower vacancy rate for one-bedroom units.

The pace of rental market construction in Summerside CA has been much slower than what was observed in Charlottetown since 2009, when rental starts surged in the provincial capital and remain much higher than average for a period of five years. The addition of new supply has been limited, with annual starts averaging 23 units during the past three years. Nevertheless, with soft demand due to rising out-migration, the vacancy rate in Summerside in the spring of 2015, at 9.0 per cent, was higher than the ten year historical average of 3.0 per cent.

Average Rents Remain Stable in PEI

Over the past year, the average rent in PEI urban centres was up 0.8 per cent based on structures common to both the 2014 and 2015 surveys[4]. The increase in the average two-bedroom rent was slightly higher at 1.0 per cent. In provincial urban centres, the above average vacancy rate has resulted in a more competitive environment among landlords, particularly in Charlottetown, due to the surge in rental market construction activity that started in 2009. The ample options available to potential renters have limited rent increases in 2015.

In the provincial capital, the average two-bedroom rent stood at $845 per month. Rent levels in Summerside were significantly lower at $741 per month for a two-bedroom unit.

Availability Rate Inches Down in Charlottetown

In April 2015, the availability rate[5] for the urban centres in Prince Edward Island was 7.3 per cent. The availability rate in Charlottetown was slightly lower at 7.0 per cent, while Summerside's rate was significantly higher than average at 9.1 per cent.

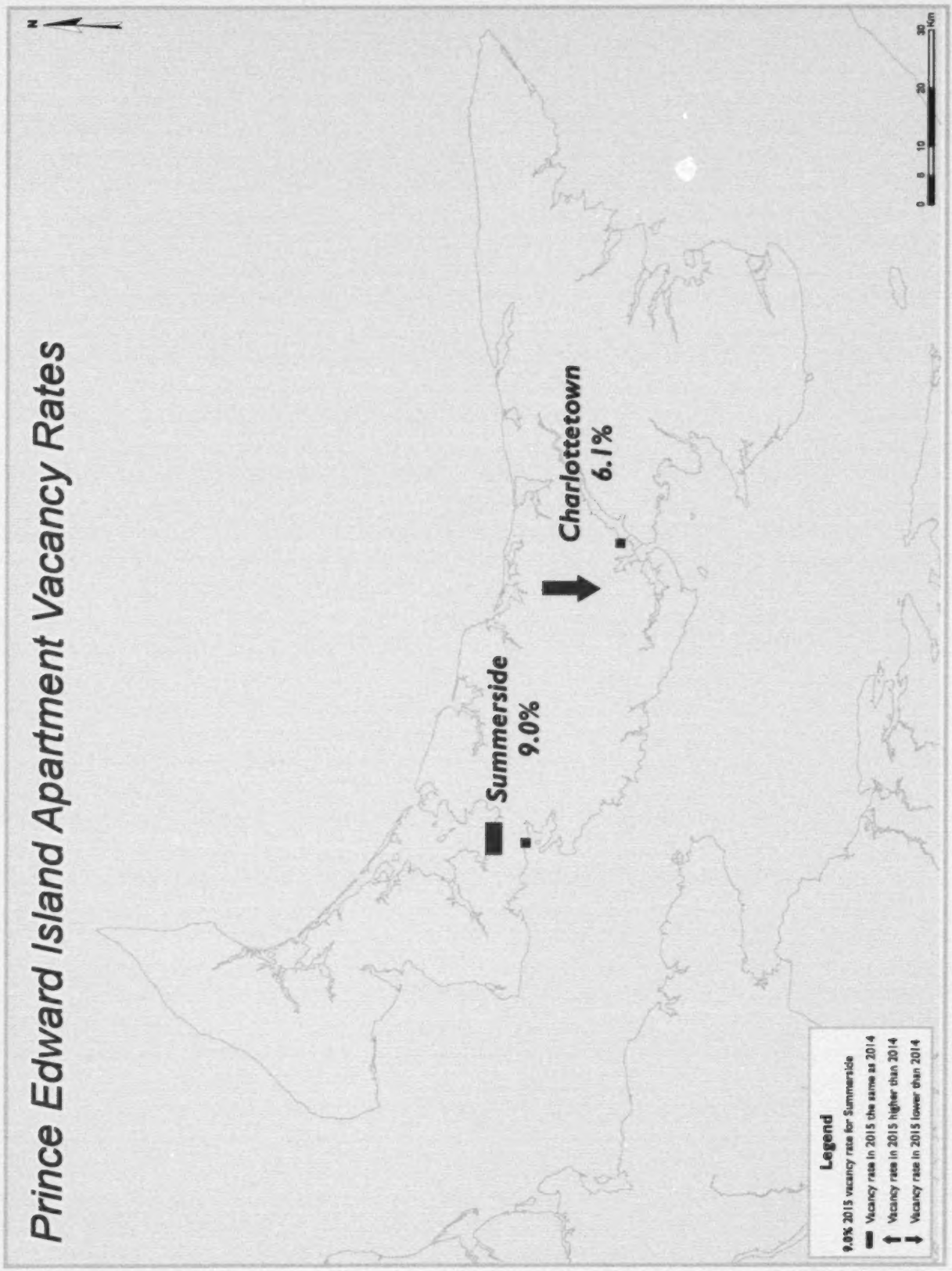
[1] Due to seasonal factors, the results of the October 2014 Rental Market Survey are not directly comparable with the results from the April 2015 Rental Market Survey.

[2] The survey is based on privately-initiated rental apartment structures of three or more units.

[3] Urban centres defined as centres with a population of 10,000 or more.

[4] Year-over-year comparisons of average rents can be slightly misleading because rents in newly built structures tend to be higher than in existing buildings. Excluding new structures and focusing on structures existing in both the April 2014 and April 2015 surveys provides a better indication of actual rent increases paid by tenants.

[5] A rental unit is considered available if the unit is vacant, or the existing tenant has given or received official notice to move and a new tenant has not signed a lease. As the definition of availability includes vacancy, the availability rate will always be equal to or greater than the vacancy rate.


Prince Edward Island Apartment Vacancy Rates
Summerside
9.0%
Charlottetown
6.1%
Legend
9.0% 2015 vacancy rate for Summerside
Vacancy rate in 2015 the same as 2014
Vacancy rate in 2015 higher than 2014
Vacancy rate in 2015 lower than 2014
N
0
10
20
30
Km

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15
Charlottetown CA	**	**	7.4 c	4.7 b	9.3 c	6.7 c	**	5.0 d	8.7 c	6.1 c
Summerside CA	**	**	**	**	5.8 d	7.8 b	0.0 d	**	7.3 c	9.0 b
Prince Edward Island 10,000+	**	5.3 d	8.2 c	5.1 b	8.7 c	6.9 c	**	8.0 c	8.5 c	6.5 c

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

↑ indicates the year-over-year change is a statistically significant increase
↓ indicates the change is a statistically significant decrease
- indicates that the change is not statistically significant

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15
Charlottetown CA	526 a	546 a	661 a	682 a	814 a	845 a	927 a	968 a	775 a	802 a
Summerside CA	619 d	532 c	602 c	592 a	744 a	741 a	714 a	760 a	724 a	720 a
Prince Edward Island 10,000+	**538 a**	**545 a**	**657 a**	**675 a**	**803 a**	**829 a**	**865 a**	**908 a**	**768 a**	**790 a**

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a - Excellent ($0 \leq cv \leq 2.5$), b- Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15
Charlottetown CA	156	157	1,229	1,279	3,078	3,219	245	230	4,708	4,885
Summerside CA	18	11	165	137	573	576	79	91	835	815
Prince Edward Island 10,000+	**174**	**168**	**1,394**	**1,416**	**3,651**	**3,795**	**324**	**321**	**5,543**	**5,700**

** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15
Charlottetown CA	**	**	7.9 c	5.5 b	10.2 a	7.8 a	10.7 d	**	9.6 a	7.0 a
Summerside CA	**	**	**	**	5.8 d	8.0 b	0.0 d	**	7.3 c	9.1 b
Prince Edward Island 10,000+	**	**5.3** d	**8.6** b	**5.8** b	**9.5** a	**7.8** a	**	**8.8** c	**9.3** a	**7.3** a

The following letter codes are used to indicate the reliability of the estimates:
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Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent[1] by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-13 to Apr-14	Apr-14 to Apr-15	Apr-13 to Apr-14	Apr-14 to Apr-15	Apr-13 to Apr-14	Apr-14 to Apr-15	Apr-13 to Apr-14	Apr-14 to Apr-15	Apr-13 to Apr-14	Apr-14 to Apr-15
Charlottetown CA	++	++	1.2	0.5	++	1.2	**	++	++	0.9
Summerside CA	++	**	**	++	**	++	**	++	**	++
Prince Edward Island 10,000+	++	++	1.4	0.5	++	1.0	++	++	++	0.8

[1]The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data not statistically reliable.

++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).

n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology **or** Data Reliability Tables Appendix **link for more details**

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in the previous year vs. $550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.
The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

Use caution when comparing changes in statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. These tables include indicators to help interpret changes. ↑ indicates the year-over-year change is a statistically significant increase, ↓ indicates the year-over-year change is a statistically significant decrease, while – indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

Data presented in this publication is based on Statistics Canada's 2011 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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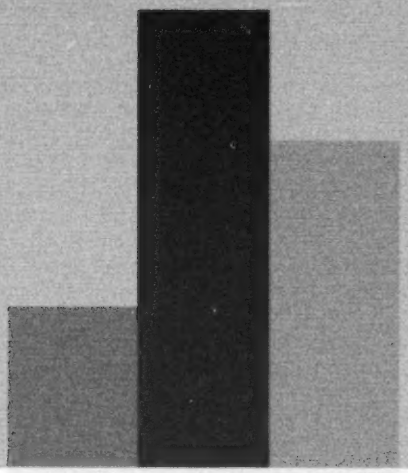

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- Housing Information Monthly
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Canada and Regional
- Housing Market Outlook, Major Centres
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- Housing Now, Canada
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